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FinCENnews



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Voluntary SAR Filings by Money Services Businesses Identify Patterns of Suspicious Activity

Money Services Businesses, including money transmitters, are filing voluntary suspicious activity reports that describe attempt by customers to disperse transactions and circumvent record keeping requirement thresholds. This finding is reported in the third issue of the SAR Activity Review – Trends, Tips and Issues, being released today. The Review represents a collaborative effort to provide feedback to the financial, law enforcement and regulatory communities based on analysis of SAR data.

Money Services Businesses (MSBs) is a category of financial institution subject to the recordkeeping and reporting requirements of the Bank Secrecy Act. Certain businesses that qualify as MSBs are required to register with the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) by December 31, 2001. Many members of the MSB industry already have established programs to monitor and identify suspicious activity and are reporting voluntarily. The effective date of mandatory suspicious activity reporting by certain MSBs will occur shortly thereafter and will be announced in the coming weeks.

The Review, the first of which was issued in October 2000, represents a vital, cooperative effort involving financial services representatives, federal law enforcement and regulatory agencies. Included in the report are SAR statistics, patterns and trends of suspicious activity that have been reported, law enforcement investigations that were assisted by SAR information, tips and guidance for financial institutions on form preparation and filing and an industry forum.

This issue of The Review contains expanded SAR statistics, including a comprehensive breakdown of the suspected violations reported by each state. Also included is an update on the identity theft trend reported in the June 2001 Review and a discussion of computer intrusion, which was added as a new category of suspicious activity on the revised SAR form in June 2000.

FinCEN Director James F. Sloan commended the collaborative meaningful feedback very seriously," he said. "In the wake of the tragic events of September 11, the cooperation we've always enjoyed with the financial community has only increased. The valuable information that they provide through SAR reporting is an even more critical tool to law enforcement investigations."

John Byrne, senior counsel and compliance manager for the American Banker's Association and co-chair of the SAR Activity Review project with FinCEN, concurred with the importance of information sharing among law enforcement, regulators and industry. "The information contained in the report will greatly assist the public-private efforts in reducing this crime. The SAR Review remains a tremendous resource for our members," said Byrne.

Financial institutions were required to begin filing SARs in April of 1996 to assist law enforcement in detecting and prosecuting violations of money laundering and other financial crimes. The SAR system replaced the "criminal referral reporting" system that had been in place since 1984. As the SAR program matured, feedback among law enforcement, regulators and the regulated industry about the value of the information being reported was recognized as an important part of on-going efforts to further refine the quality of SAR information.

Among those that participated in this review were: the American Bankers Association; Independent Bankers Association; Independent Community Bankers of America; American Institute of Certified Public Accountants; Securities Industry Association; Non-Bank Funds Transmitters Group; Federal Reserve Board; Office of the Comptroller of the Currency; Federal Deposit Insurance Corporation; Office of Thrift Supervision; National Credit Union Administration; Federal Bureau of Investigation; U.S. Department of Justice's Asset Forfeiture and Money Laundering Section; U.S. Department of Justice's Criminal Division; U.S. Department of the Treasury's Office of Enforcement; U.S. Customs Service; U.S. Secret Service; Internal Revenue Service; and Financial Crimes Enforcement Network.

The Review will be available on FinCEN's website today. Copies may also be obtained by calling FinCEN's publications line at 703/905-3773.

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